



South Carolina

Benefits From Exports

South Carolina's export sales of merchandise in 2000 totaled \$7.8 billion, up more than 20 percent from \$6.5 billion in 1999. From 1993 to 2000, the state's exports grew by 143 percent—more than double the 68 percent increase in total U.S. exports of goods. South Carolina's export growth, in percentage terms, ranked third among all states during 1993–2000.

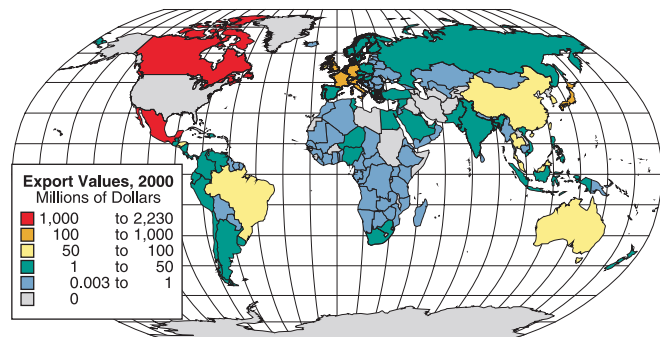
South Carolina exported globally to 178 foreign destinations in 2000, up sharply from 152 markets in 1997. The state's leading markets, by far, are the North American Free Trade Agreement countries of Canada (\$2.23 billion in 2000 export sales) and Mexico (\$1.96 billion). Together, the NAFTA nations account for nearly 54 percent of the state's total merchandise exports. Other leading markets are Germany, Japan, the United Kingdom, and Belgium.

South Carolina's biggest growth market, in dollar terms, is Mexico. From 1997 to 2000, export sales to Mexico more than doubled, rising from \$936 million to \$1.96 billion. South Carolina also posted big dollar gains in sales to Canada, Japan, and Belgium.

Three leading product categories accounted for more than half of South Carolina's foreign sales in 2000. Top

SOUTH CAROLINA EXPORTED GOODS WORTH \$7.8 BILLION TO 178 FOREIGN MARKETS IN 2000

Dollar Value of South Carolina's Merchandise Exports to Foreign Markets, 2000

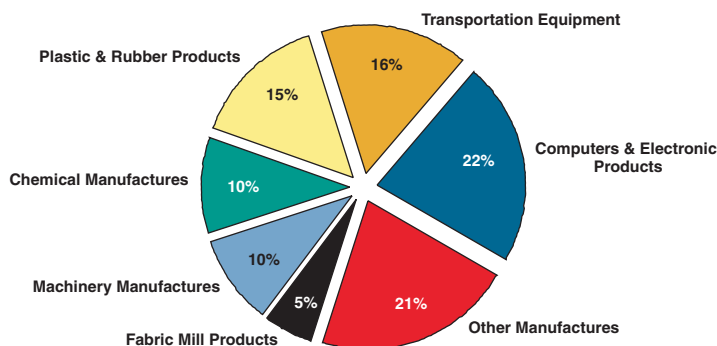


Source: U.S. Department of Commerce, Exporter Location Series.

export categories were computers and electronic products (\$1.7 billion), transportation equipment (\$1.2 billion), and plastic and rubber products (\$1.1 billion). Also important were exports of textiles and apparel. Combined exports of fabric mill products, apparel, and nonapparel textiles were \$770 million. Other significant exports were chemicals, and electrical equipment, appliances, and parts.

Within South Carolina, the Greenville-Spartanburg-Anderson area led all metropolitan areas with 1999 export sales of \$3.36 billion—52 percent of the state total. Other major metro exporters were Charleston–North Charleston (\$986 million), Columbia (\$361 million), and Florence (\$133 million).

SOUTH CAROLINA EXPORTS A WIDE RANGE OF MANUFACTURES: \$7.7 BILLION IN 2000



Note: Manufactures are a subcategory of total merchandise exports, which also include mining commodities and unprocessed agricultural products.

Source: U.S. Department of Commerce, Exporter Location Series.

Exports Support Good Jobs

Export-related jobs tend to be good, high-paying jobs. Wages of workers in jobs supported by merchandise exports range 13–18 percent higher than the national average. Export-related jobs are also more secure: Exporting plants are 9 percent less likely to shut down than comparable nonexporting plants.

In 1997 (latest available data), manufactured exports supported 136,000 South Carolina jobs and the state ranked 11th in terms of workforce dependence on exports.

Export-supported jobs accounted for an estimated 9.3 percent of South Carolina's total private sector employment, just under one of every ten jobs.

Manufactured exports supported 68,800 jobs—roughly one of every five workers—in South Carolina's manufacturing industries. Two-thirds of these were located in five sectors: chemicals, nonapparel textile products, machinery manufactures, fabricated metal products, and computers and electronic products.

Exports of manufactured goods also indirectly supported 67,200 jobs in the state's nonmanufacturing industries. These industries supply manufacturers with a wide range of inputs needed to produce goods for export.

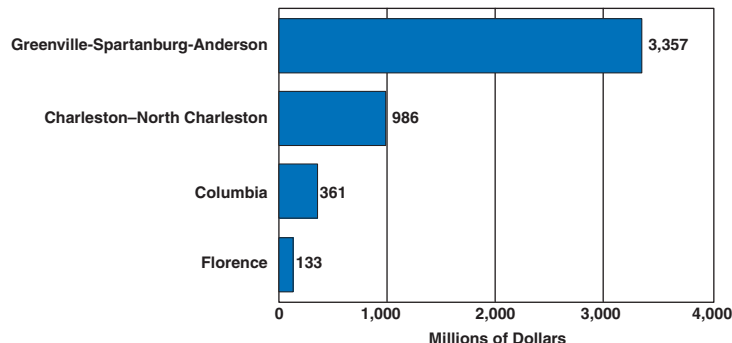
Exports Help Small Business

Exports have broadly benefited South Carolina businesses, both large and small. A total of 2,979 companies exported from South Carolina locations in 1998. Nearly 78 percent of these companies, accounting for 20 percent of the state's total exports, were small and medium-sized firms that had fewer than 500 employees. In fact, nearly 64 percent of all South Carolina exporters were small firms with fewer than 100 workers.

Foreign Competitors Are Not Standing Still

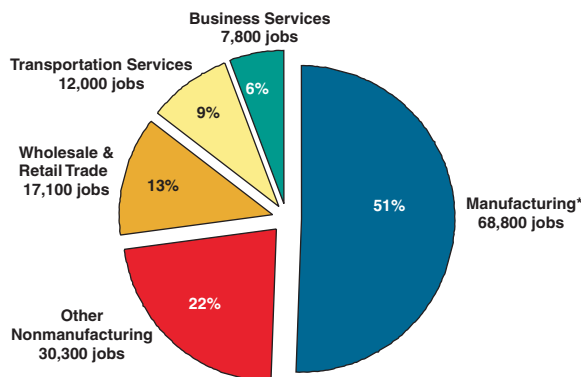
While previous rounds of trade negotiations were highly successful in reducing trade barriers, much

THE GREENVILLE-SPARTANBURG-ANDERSON METRO AREA POSTED EXPORTS OF \$3.36 BILLION IN 1999



Source: U.S. Department of Commerce, Exporter Location Series.

136,000 SOUTH CAROLINA JOBS DEPENDED ON MANUFACTURED EXPORTS IN 1997



*Includes 300 jobs tied to exports of processed foods.

Source: U.S. Department of Commerce, Bureau of the Census, Manufacturing & Construction Division.

TRADE PROMOTION AUTHORITY— KEY TO OPENING WORLD MARKETS

U.S. Trade Promotion Authority (also known as TPA or "fast track") is essentially an agreement between the President and Congress on how market-opening trade negotiations will be conducted and agreements approved.

Under TPA, the President involves Congress in trade negotiations from the start; Congress, in exchange, agrees to vote yes or no on any resulting agreement in its entirety, without amendments. The two branches set negotiating objectives and consult during trade talks while inviting public comment. This open process allows problems to be identified and resolved during negotiations, when agreement is most easily achieved.

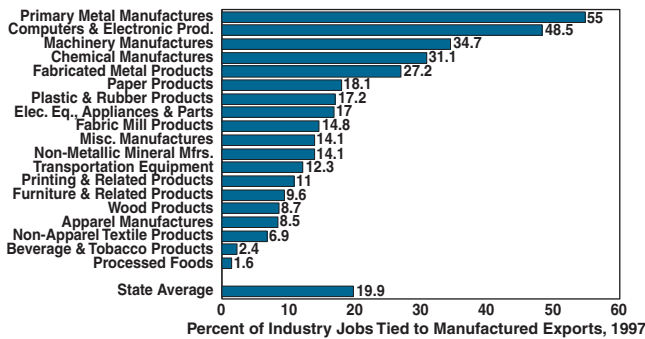
TPA preserves the ability of the United States to protect public health, safety, and the environment.

work remains to be done to level the playing field for U.S. businesses. In fact, the United States has fallen behind our trading partners in combating market barriers through free trade agreements. The United States is a party to just two of the estimated 130 free trade agreements in force worldwide. In comparison, the European Union has FTAs with 27 countries. Since U.S. tariffs are already low compared to those of our trading partners, the United States has a great deal to gain from future negotiations aimed at prying open foreign markets.

South Carolina Industries Can Gain From Trade Negotiations

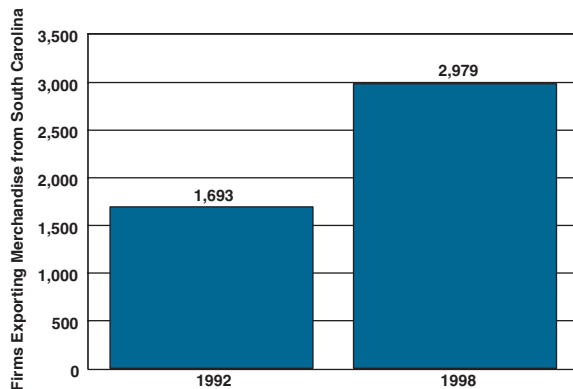
South Carolina's exporters still face many tariff and nontariff barriers abroad, especially in developing countries. While developing nations are among the most promising markets, they also tend to have high levels of import protection. Trade negotiations aimed at reducing

ABOUT ONE-FIFTH OF MANUFACTURING JOBS IN SOUTH CAROLINA WERE TIED TO EXPORTS IN 1997



Note: In 1997, 19.9 percent of the 346,100 manufacturing jobs in South Carolina were tied to manufactured exports—some 68,800 jobs. For any given manufacturing sector, export-related employment includes all workers producing goods for export or of inputs to the export manufacturing process.
Source: U.S. Department of Commerce, Bureau of the Census, Manufacturing & Construction Division.

THE NUMBER OF COMPANIES EXPORTING FROM SOUTH CAROLINA ROSE 76 PERCENT FROM 1992 TO 1998



Source: U.S. Department of Commerce, Exporter Data Base.

these barriers will significantly benefit South Carolina's businesses across many industrial sectors.

Information technology. South Carolina's high-tech businesses are beneficiaries of the Information Technology Agreement. The agreement eliminates duties on the entire IT sector in major markets throughout the world, with the exception of the larger markets of Latin America. Tariffs on IT products in key Latin American markets remain as high as 30 percent. Beyond tariffs, IT products also face such nontariff restrictions as redundant testing and certification requirements.

Automotive products. The automotive industry is the world's largest manufacturing sector, and the United States is the industry's largest producer. In 2000, total U.S. automotive exports exceeded \$78 billion. Important progress was made during the Uruguay Round, including a commitment from Japan to lower and maintain nearly all of its automotive tariffs at zero.

Other accomplishments include a reduction in nontariff measures (reduced customs processing and trade-related investment obstacles), increased intellectual property protection, and transparency in the use of import licenses.

Nevertheless, South Carolina automotive exports continue to confront severe market access restrictions. Tariffs on automobiles are extremely high in most developing countries. Tariffs range from 25 percent to 300 percent in southeast Asia, 30 percent to 160 percent in Africa and the Middle East, and 8 percent to 90 percent throughout Latin America. Key industrialized nations also maintain high tariffs, such as the 10–22 percent tariffs on cars and trucks in the European Union (EU) and tariffs of up to 43 percent in eastern Europe (to which the EU has duty-free access under bilateral trade agreements). Another obstacle to U.S. automotive exports is nontariff barriers, including local content requirements, distribution controls, and redundant standards.

Textiles and apparel. Substantial gains were achieved in the textiles and apparel sector during the Uruguay Round; many countries agreed to reduce tariffs and eliminate such nontariff measures as discretionary licensing systems and import bans. Although U.S. textile and apparel exports have increased by 62 percent or \$7.1 billion since the Uruguay Round, much of the growth has been attributed to

NAFTA. Significant trade barriers remain, including high tariffs, excessive customs valuations, cumbersome

SOUTH CAROLINA: WHY TRADE PROMOTION AUTHORITY?

Trade Promotion Authority is critical for removing remaining barriers to exports of South Carolina goods and services.

South Carolina exporters still face major trade barriers in such sectors as information technology, automotive products, textiles and apparel, and chemicals.

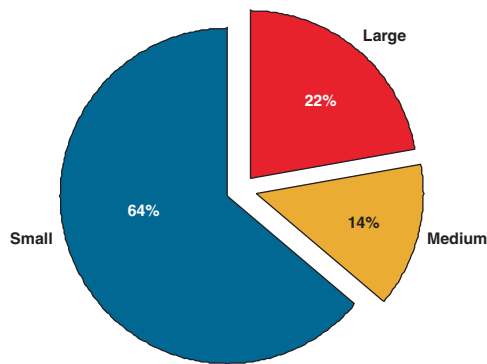
With the United States on the sidelines, foreign competitors are forging ahead and pursuing their own market-opening agreements.

South Carolina's economy is export-dependent, with export sales of \$1,949 for every state resident.

About 136,000 South Carolina jobs depend on exports of manufactured goods.

2,979 companies—including 2,319 small and medium-sized businesses—export from South Carolina.

78 PERCENT OF SOUTH CAROLINA'S 2,979 EXPORTING FIRMS IN 1998 WERE SMALL AND MEDIUM-SIZED ENTERPRISES



Small = less than 100 employees; medium = 100–499 employees; large = 500 or more employees.
Source: U.S. Department of Commerce, Exporter Data Base.

customs procedures, burdensome labeling and marking requirements, inadequate intellectual property rights, and lack of transparent government policies. Tariff and nontariff barriers are particularly onerous in Latin American markets, which have good export potential due to their proximity.

Chemicals. South Carolina exports a variety of chemical products. TPA would allow the United States to build on duty reductions established under the Uruguay Round Chemical Tariff Harmonization Agreement (CTHA), which reduced tariffs to harmonized low levels on a range of products from fertilizers to plastics. Since the end of the Uruguay Round, more advanced developing countries, most of which do not participate in the CTHA, have become increasingly important chemical producers. Tariffs in Asian countries outside the CTHA range up to 60 percent. New negotiations would offer the opportunity to address tariff disparities and the many nontariff barriers facing the chemical industry, including discriminatory product registration, testing/certification, and import licensing requirements.

Agriculture. South Carolina produces and exports agricultural products. According to the U.S. Department of Agriculture, South Carolina's agricultural exports totaled \$236 million in 1999 (including processed foods). Since 1999, the state's reliance on agricultural exports has ranged from 17 percent to 23 percent as measured by export's share of farm cash receipts. South Carolina's top agricultural exports are leaf tobacco, poultry and products, cotton, soybeans and products, and wheat and products. South Carolina already benefits from past trade agreements; however, U.S.

agricultural exports still face high tariffs and nontariff barriers worldwide.

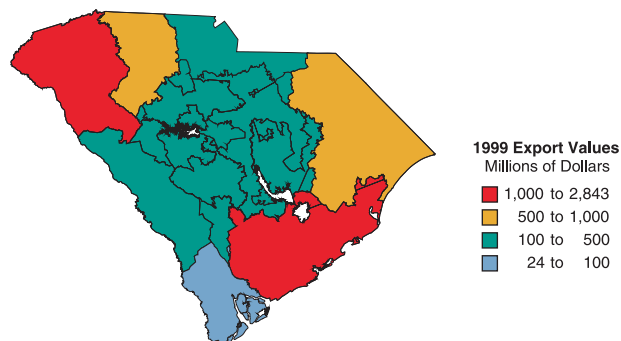
Services. Services are the biggest component of the U.S. economy and now account for more than one-fourth (28 percent) of U.S. exports to the world. Service exports in 2000 totaled \$296 billion; the United States ran a surplus of nearly \$80 billion in services trade with the world. Exportable services include transportation services (e.g., air freight), financial services (e.g., banking, insurance) and business services (e.g., engineering, architecture). Service industries confront a wide range of barriers abroad. Trade Promotion Authority will provide added impetus to the new round of global services trade negotiations now under way to dismantle these barriers.

Imports Also Important to South Carolina

While exports generate clear benefits for the South Carolina economy (jobs, wages, expanded tax base, etc.), the role of imports is less clear—especially since no import statistics are available for states on an end-user basis. Although many often equate imports with “lost” jobs, the reality is usually much more complex. For example, there is no doubt that imports supply critical inputs for many of the goods and services produced in South Carolina, including products destined for export. Imports often play a key role in ensuring supplies of vital materials that are either scarce or simply not available domestically. More generally, imports provide consumers and businesses in South Carolina with wider choice in the marketplace, thereby enhancing living standards and contributing to competitiveness.

EXPORTS ARE SOLD FROM ALL OVER SOUTH CAROLINA

South Carolina's Merchandise Exports by Three-Digit Zip Code, 1999



Note: South Carolina's total merchandise exports in 1999 were \$6.5 billion. Unshaded areas represent national forests and parks, federal and military reservations, localities without exports, and areas where export data are suppressed due to federal disclosure regulations.
Source: U.S. Department of Commerce, Exporter Location Series.